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## Could the Arctic Warm Up NATO–Russia Relations?

Wojciech Lorenz

*The stakes in the Arctic are high, but only cooperation will unlock the full potential of the region. The peaceful and secure Arctic can become an attractive transport corridor and energy provider. Yet, a lack of trust and transparency could easily lead to tensions and a militarisation of the region, making it less attractive for investments. To avoid such a scenario, Russia and NATO should use existing forms of cooperation and extend them to the Arctic.*

In the coming decades, the Arctic may emerge as a geopolitical game-changer, becoming a region of key importance for both energy security and international trade and transport. The melting of the polar icecap covering the Arctic Ocean has been faster than most scientists anticipated, thus opening access to both mineral and other natural resources as well as new shipping lanes. In 2007, the extent of the sea ice had receded to a record low and was 39% smaller than the average for the years 1979–2000. The next two years, respectively, saw the second and third lowest area of ice cap coverage since 1979, when observations began.<sup>1</sup> The recent data from a satellite launched by the European Space Agency indicate that the volume of ice in the autumn months for the years 2010–2012 is down a third compared to data from 2003–2008.<sup>2</sup> These changes have already opened the way for increased shipping, tourism and exploration for resources. Five Arctic coastal states—the United States, Norway, Russia, Denmark (through semi-autonomous Greenland and the Faroe islands) and Canada—have all increased drilling in the region in recent years. According to estimates by U.S. Geological Survey (USGS), the Arctic holds 13% of the world's undiscovered oil reserves and 30% of its natural gas reserves.<sup>3</sup> The region already provides the Russian economy with 12–15% of its GDP.<sup>4</sup> New sea routes also offer significant opportunities. The “Northwest Passage” along the northern borders of Canada would create an alternative route between the Atlantic and the Pacific without the need to pass through the Panama Canal. The Northern Sea Route off the coast of Russia would create an alternative to the connection between Europe and China via the Suez Canal and would shorten passages by 40%. The latter route, which has been used by Russia for local transport, is likely to become commercially viable before the Northwest Passage as the ice is receding more quickly off the Siberian coast than from the north of Canada. In 2011, this route was fit for sailing for 141 days (with icebreaker escort) and the number of ships exploring the new route is increasing. In 2010, only six cargo ships embarked on the journey through the Northern Sea Route, while in 2012, 46 vessels successfully completed the journey, most of them oil and gas tankers.

<sup>1</sup> UK Met Office, 2009, [www.metoffice.gov.uk/media/pdf/r/6/informing-mitigation.pdf](http://www.metoffice.gov.uk/media/pdf/r/6/informing-mitigation.pdf).

<sup>2</sup> “Cryosat spots Arctic sea-ice loss in autumn,” BBC, 13 February 2013, [www.bbc.co.uk/news/science-environment-21437680](http://www.bbc.co.uk/news/science-environment-21437680).

<sup>3</sup> USGC Newsroom, 23 July 2008, [www.usgs.gov/newsroom/article.asp?ID=1980](http://www.usgs.gov/newsroom/article.asp?ID=1980).

<sup>4</sup> Trade Representative of the Russian Federation in Finland, “Perspectives of Russian–Finnish Trade Cooperation in the Arctic,” 20 November 2012, [www.finnode.fi/files/316/Shlyamin\\_Rus-Fin\\_business\\_perspective.pdf](http://www.finnode.fi/files/316/Shlyamin_Rus-Fin_business_perspective.pdf).

Despite the melting of the ice cover, the Arctic remains a region with a harsh climate. The new transport corridors will be accessible only during summer, but even then unpredictable weather and the presence of icebergs, including smaller chunks called growlers, which are exceptionally hardened by sea conditions and are very difficult to detect, will remain a major challenge. In August 2010, the Canadian Coastguard had to rescue almost 200 people from the *Clipper Adventurer*, a Bahamian-registered ship operated by American and Canadian travel companies that ran aground off the Canadian coast after hitting a rock shelf; even with the favourable weather conditions, though, it took two days for the rescue teams to reach the vessel. In January 2013, an oil rig broke free from a tow ship and ran aground off the coast of Alaska, fortunately causing no environmental damage. The increased sea traffic, tourism and exploration for resources will increase the risk of even more serious accidents in the future.

To meet those challenges, large-scale international cooperation will be needed. Accidents including cargo ships, tourist vessels with hundreds of passengers or extensive oil spills can take place thousands of kilometres from the nearest ports or airfields, and no single country with territory in the Arctic possesses enough capabilities in the immediate vicinity to deal with a major catastrophe. Areas that have never before been accessible by water remain poorly charted. There is no system in situ for collecting data that would enable reliable weather forecasts or ice reports. To increase the security of navigation, reliable communications systems, monitoring and surveillance will have to be developed and deployed. Resource exploration will require new technologies, and transport will not be possible without investments in fleets of vessels with strengthened hulls. New infrastructure, such as ports, airfields and refuelling stations will also have to be built at a cost of billions of dollars. Such investments will be precipitated by the growing demand for resources and increasing volume of trade between Asia and the rest of the world. They can also be sped up by negative security developments in the Middle East or South China Sea that may affect traditional transport routes or hamper access to resources. Other factors that may stimulate transport and exploration in the Arctic also include piracy on traditional shipping lanes, larger cargo ships and the limited capacity of the Suez and Panama canals.

Regional players discuss these challenges in the Arctic Council, which was set up in 1996. The organisation is composed of the five coastal states that border the Arctic Ocean plus Sweden, Finland and Iceland, whose territories lie within the Arctic Circle. Initially it was a consultative body, but its significance has been steadily growing. The organisation opened its permanent secretariat in Tromsø, Norway, signed its first legally binding agreement on search-and-rescue operations in May 2011, and its member states are working on agreements on prevention of oil spills and responses in case of an incident. The growing importance of the Arctic Council was recognised by the 12 countries and organisations that have applied to the organisation as permanent observers, including the EU and China at the forefront. Nevertheless, the Arctic states are cautious about allowing others into the decision-making body, fearing that pressure to make the region a global commons would increase, thus making it more difficult for the regional players to secure their interests. So far, they have agreed only to grant permanent observer status to six non-Arctic states: France, Germany, the Netherlands, Poland, Spain and the United Kingdom.

## **Interests Are Not Highly Divergent**

Emerging opportunities and rising international interest in the Arctic has encouraged coastal states to lay claims to territories that before were not of anyone's interest. All the countries bordering the Arctic Ocean—the U.S., Canada, Norway, Denmark and Russia—have the right to impose an Exclusive Economic Zone (EEZ) extending 200 nautical miles from their shoreline. The United Nations Convention of the Law of the Sea (UNCLOS) allows them to extend their claim if they can prove that the continental shelf extends beyond the surface EEZ and is an extension of their territory. Norway's claim for an extended territory was approved in 2009 by the UN Commission on the Limits of the Continental Shelf, while Canada, Denmark and Russia are preparing their applications. The U.S. has not signed UNCLOS due to opposition in Congress, though since Bill Clinton's presidency all of the country's administrations have tried to push through ratification, arguing that it is in the national interest of the United States.

The Arctic states also resort to diplomatic, political and public relations means to support their claims. In 2007, a Russian expedition placed a national flag at the bottom of the Arctic Ocean at the North Pole, provoking a storm in international media and a rebuke from Canada. Interestingly enough, the Canadian

authorities themselves embarked on similar mission two years before and placed a national flag on Hans Island, which is also claimed by Denmark.

Irrespective of such gestures, most experts agree that the risk of conflict remains low. The new claims for the territories usually do not overlap and according to some estimates 80–95% of the potential resources are within areas of undisputed jurisdiction. During a May 2008 meeting in Ilulissat, Greenland, the so called Arctic Five countries committed themselves to solve any disagreements politically through negotiations and in accordance with international law.<sup>5</sup> Separately, Russian Foreign Minister Sergey Lavrov stressed numerous times that all the disputes in the region have to be solved on the basis of the UN Convention on the Law of the Sea. Although there are still some old boundary disputes (between Canada and the United States, Canada and Denmark, and Denmark and Norway), a number of conflicts have been resolved. Denmark and Greenland have settled disputes with Iceland, Canada and Norway. The agreement signed by Norway and Russia in September 2010 is the most recent example of former rivals inclined toward compromise. By equally dividing the disputed territory at the Barents Sea, both countries solved a four-decade-long conflict and opened the way for cooperation on the exploration of resources straddling the border. The Russian company Rosneft and Norway's Statoil have already signed a deal to develop Russia's offshore energy resources. According to Rosneft's president, the agreement signifies a new era of an unprecedented level of trust.<sup>6</sup>

## Sensitive Military Issues

The major stumbling block on the path to cooperation, however, remains the different defence and security priorities of the regional players. Although five of the eight Arctic states (the U.S., Canada, Norway, Denmark and Iceland) are members of NATO, even they have different security priorities in the region.

For **Canada**, strengthening Arctic sovereignty is crucial to securing its borders. It claims the sovereign right to control the Northwest Passage, arguing that it passes through its straits and belongs to its internal waters. As a result, all ships entering the route must ask for permission before they attempt passage. The United States, EU and other world powers indicate that a passage connecting two oceans should be regarded as international waters free for sailing. This sovereignty issue was highly politicised by the ruling conservative party in Canada, and the country's authorities seem determined not to allow non-Arctic countries to have a say in the dispute. Hence, they are against discussions on the Arctic in NATO and have blocked the EU's bid to be a permanent observer on the Arctic Council. According to the Arctic strategy, Canada plans to modernise its air force and adjust it more to the country's needs there. It also plans to procure six to eight ice-strengthened littoral cruisers for the navy. The Canadian navy has no ice-strengthened vessels since the patrolling of its borders has been the responsibility of its coast guard.

For the **United States**, the key issue is freedom of transport and trade in the High North. The security issue is important mainly in regards to the Northwest Passage as it would be a new shipping lane near U.S. territory, which may increase the risk, for example, to missile defence installations in Alaska and other targets that could become easier for potential adversaries to approach. The risk of terrorism, drug and human trafficking through that region would also increase. The United States is the least active of all of the coastal states in pursuing their interests in the region. The growing significance of the region to U.S. strategy may be inferred by the transfer of the responsibility for the Arctic in 2011 from U.S. Pacific Command to its Northern Command (NORTHCOM) and European Command (EUCOM). Similar to Canada, the U.S. Navy has a limited inventory of ice-capable vessels and the responsibility for security belongs to the Coast Guard. Nevertheless, the U.S. has the strategic capability to operate in the Arctic with most of its 53 submarines able to break through from under the ice. The U.S. government does not press for greater involvement by NATO in the Arctic as it causes tensions to increase with Canada and Russia.

The Arctic is the number one priority for **Norway**. Due to the proximity to Russia, it stresses the importance of military security and the credibility of NATO territorial defence guarantees. In 2012, 16,000 soldiers from 15 NATO member countries and Alliance partner countries participated in the "Cold

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<sup>5</sup> Arctic Ocean Conference, *The Ilulissat Declaration*, Ilulissat, Greenland, 27–28 May 2008, [www.oceanlaw.org/downloads/arctic/Ilulissat\\_Declaration.pdf](http://www.oceanlaw.org/downloads/arctic/Ilulissat_Declaration.pdf).

<sup>6</sup> A. Kolyandr, "Norway's Statoil Signs Arctic Deal with Russia's Rosneft," *Wall Street Journal*, 6 May 2011, <http://online.wsj.com/article/SB10001424052702304752804577385892170038610.html>.

Response” manoeuvres in the north of Norway. Since 2006, the country has hosted four such exercises, though not organised under the banner of NATO apparently so as not to antagonise Russia. In 2009, Norway moved its military headquarters north of the Arctic Circle and stationed its largest active unit of the Norwegian army there. It is planning to acquire a large ice-strengthened support ship to increase the range of its frigates. At the same time, the Norwegian government is a vocal advocate of cooperation with Russia.

**Denmark** is focused on maintaining its status as an Arctic country even if Greenland, through which it claims access to the region, sets a course towards independence. In the country’s Arctic strategy published in 2011, it stresses the significance of a visible military presence to protect its sovereignty rights. It is also the only Arctic littoral state that mentions the role of NATO in its strategy for the region. It plans to expand its fleet and set up an Arctic military command by 2014.

**Iceland** is the only NATO member state without a standing army, though it has a coast guard. It hosted the NATO base in Keflavik, but the Alliance closed the facility in 2006. The loss of the U.S. planes stationed at the base was compensated for by the NATO Air Policing mission.<sup>7</sup> After the closure of the base, Iceland made security agreements with Norway, Denmark, Canada and the UK. It also relies on the U.S.–Icelandic defence agreement of 1957. Even with meagre resources, Iceland may be ready to invest in its military, depending on the development of the situation in the region.

**Sweden**, a non-NATO state with a capable military, wants to ensure that the Arctic remains a region where tensions remain low. The Swedish government emphasises the importance of an approach based on a broad concept of security in the region. The use of civil instruments is preferable to military means. At the same time, Sweden is one of the most reliable partners of NATO. Although it officially does not want to join the Alliance, it is often mentioned as one of the potential candidates that would easily meet all of the criteria.

**Finland’s** Arctic strategy is business-oriented and focused on strengthening its position as an expert on Arctic issues. The government would like to make better use of Finnish technological expertise in winter shipping, transport and shipbuilding. Finland, which is not a member of NATO, perceives Russia as a security challenge. It has recently become the only the second country (after Australia) to receive approval from the U.S. to buy JASSM cruise missiles (Joint Air to Surface Standoff Missiles) for its Hornet fighter jets, which will increase the Finnish defence and deterrence capabilities.<sup>8</sup>

**Russia** has the longest coastline in the Arctic and the right to at least half of the area of the Arctic Ocean and potentially the biggest deposits of oil, gas and minerals. Russian authorities view the region as a chance for future development of the country and an asset for strengthening its international position. Arctic resources already provide 12–15% of Russian GDP and 20% of revenues from export. According to the Russian strategy, the Arctic is to become a top strategic resource base by 2020. However, Russian companies do not have enough capability or technology to take full advantage of the deposits on territories already under the jurisdiction of Russia. Hence, they have been forced to partner with companies from Norway, the U.S., and Italy and are interested in giving a bigger role to firms from Asia. As with Canada, the major priority for Russia is securing the right to control any potential transport corridor. Russia claims jurisdiction over parts of the Northern Sea Route, arguing that it passes through straits that belong to its internal waters. It insists ships request the right to pass through these waters and then charges a service fee. The route can become an important source of revenue for the country. If Russia successfully secures its claims to parts of the Northern Sea Route it would get a an additional leverage against rivals and could use the threat of blocking shipping lanes as a means of exerting pressure. Russia has the biggest fleet of icebreakers and is the only country to possess nuclear-powered ones. It also has a strong military in the region. The Northern Fleet is the biggest of the five Russian navies and by far the strongest in the Arctic. Additionally, Russian authorities plan to invest in two Arctic land brigades. In May 2011, a special forces brigade for the Arctic was activated at Kola Peninsula. Russia claims that decision was necessary to balance against NATO forces. Amphibious assault helicopter ships ordered from France will further strengthen the Northern Fleet and improve Russia’s power projection in the Arctic. Russian strategic bombers also patrol the Arctic region, sometimes violating the airspace of other countries.

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<sup>7</sup> Since 2007, Icelandic airspace has been protected by NATO countries on a rotational basis.

<sup>8</sup> Ch. Salonijs-Pasternak, “Not Just Another Arms Deal, the Security Policy Implications of the United States Selling Advanced Missiles to Finland,” Finnish Institute of International Affairs, September 2012.

In the Arctic strategy adopted in 2008, Russian authorities warned that in a competition for resources, military force cannot be ruled out as a means to resolve problems that may emerge. The Russian military doctrine published in 2010 still refers to NATO as the main threat to the country's interests.<sup>9</sup> Dmitry Rogozin, who completed his term as ambassador to NATO and serves as vice prime minister of the Russian Federation, has recently warned that closer to the mid-21<sup>st</sup> century the fight for resources could turn to quite uncivilised forms.<sup>10</sup>

## How to Break the Deadlock

So far, the eight Arctic countries have been unable to find a proper forum to discuss security issues. The United States has been against such discussions taking place in the Arctic Council. As a result, the Arctic Five have tried to deal with security issues amongst themselves, such as during the 2008 Ilulissat meeting, but this has been criticised by other states, who perceived it as an attempt to sideline them.

In January 2009, then-Secretary General Jaap de Hoop Scheffer suggested that NATO is a natural forum for discussions on some Arctic issues.<sup>11</sup> He also claimed that NATO and Russia should strengthen cooperation in the region, but his appeal fell on deaf ears. Apart from a lack of consensus in NATO about its role in the region, Russia seems adamant in its reluctance to cooperate with the Alliance. This was reflected in numerous statements by both Rogozin and Lavrov. President Dmitry Medvedev concluded in September 2010 that the Arctic will do fine without NATO.<sup>12</sup>

The Alliance seems to have accepted that it is better to stay away from the Arctic so as to not provoke Russia or not exacerbate tensions. Yet, the lack of consensus amongst NATO members on how to deal with Arctic issues can prove counterproductive in the long term. Although today the risk of a conflict remains low, the emergence of the strategically important region will have significant military implications in coming years. More military assets will be needed to provide security for infrastructure and sea lanes. The militaries will also have to improve their abilities to project power to distant regions within their jurisdiction. So far, the Arctic states have embarked only on limited military investments,<sup>13</sup> but the lack of a forum for discussing military matters, a deficit of transparency and suspicion of motives can easily fuel an Arctic arms race. Negative security developments in the region could encourage countries such as Sweden or possibly even Finland to join NATO. If Finland, which borders Russia, were to consider accession to NATO this would be perceived in Moscow as a direct threat that needs to be counterbalanced.

In fact, the Arctic is not the most challenging area of potential cooperation between NATO and Russia. Even if there are sensitive issues between Russia and the NATO Arctic states they are not comparable to NATO–Russia differences on such issues as missile defence, frozen conflicts in Europe or the future expansion of the Alliance to the former Soviet republics. Furthermore, cooperation between NATO and Russia in the Arctic, which does not have to lead to a bigger military presence of the Alliance there, could bring greater stability to the region in which Russia is the biggest stakeholder and its main beneficiary. NATO already proved that it can offer valuable capabilities that Russia does not possess. In 2009, Russia requested help from NATO in locating the Russian ship *MV Arctic Star*, which went missing off the coast of Sweden.

There are examples of practical NATO–Russia cooperation waiting to be used for the benefit of greater transparency and trust in the Arctic. In 2008, Russia joined the antipiracy mission off the Somali coast, and Russian warships from the Northern Fleet will be equipped with NATO navigation and communications systems to improve coordination in antipiracy missions around the world. Although officially it is not meant for the Arctic, they could be used for improved communication in that region as well.

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<sup>9</sup> M. De Haas, "Russia's New Military Doctrine: A Compromise Document," *Russian Analytical Digest*, 4 May 2010, [www.css.ethz.ch/publications/pdfs/RAD-78.pdf](http://www.css.ethz.ch/publications/pdfs/RAD-78.pdf).

<sup>10</sup> "In Losing the Fight for the Arctic, Russia Would Lose Sovereignty," *Arctic-Info*, 5 December 2012, [www.arctic-info.com/News/Page/rogozin--in-losing-the-fight-for-the-arctic--russia-would-lose-sovereignty](http://www.arctic-info.com/News/Page/rogozin--in-losing-the-fight-for-the-arctic--russia-would-lose-sovereignty).

<sup>11</sup> Speech by NATO Secretary General Jaap de Hoop Scheffer on security prospects in the High North, Reykjavik, 29 January 2009, [www.nato.int/docu/speech/2009/s090129a.html](http://www.nato.int/docu/speech/2009/s090129a.html).

<sup>12</sup> A. Staalesen, "Medvedev: the Arctic Is Best without NATO," *Barents Observer*, 17 September 2010, <http://barentsobserver.com/en/sections/security/medvedev-arctic-best-without-nato>.

<sup>13</sup> S.T. Weezeman, *Military Capabilities in the Arctic*, SIPRI, March 2012, <http://books.sipri.org/files/misc/SIPRIBPI203.pdf>.

The Euro-Atlantic Disaster Response Coordination Centre (EADRCC) could serve as a valuable asset for the coordination of rescue and relief operations in the European part of the Arctic. The centre, which was originally set up at the request of Russia, is composed of 28 NATO member states and 22 partner countries. Today, it coordinates relief operations in regions affected by natural disasters and has a mandate to deal with the consequences of chemical, biological, radiological or nuclear incidents.

The NATO–Russia Cooperative Airspace Initiative (CAI), created in 2002, could become a platform for extended monitoring of the airspace over the Arctic. NATO and Russia cooperation enables early notification of incidents such as the hijacking of planes. The coordination of airspace surveillance and air traffic control is guaranteed by three paired centres—Bodo–Murmansk, Warsaw–Kaliningrad and Ankara–Rostov-on-Don. All three are responsible for different geographical areas and are interconnected via coordination centres in Warsaw and Moscow. The centres in Bodo and Murmansk could monitor the airspace of the Arctic, increasing trust between NATO and Russia in the region.

Declassified NATO archives containing hydrographic maps from the Cold War era could be used for preparation of new navigation maps, improving the safety of transport in the area.

### **Recommendations for Poland**

Since Poland technically has access to the Arctic through the Baltic Sea, it can benefit from the economic development of the region, whereas any destabilisation in the European part of the Arctic may have a negative effect on Polish security. Thus it is in the Polish interest to create conditions for the economic development of the Arctic and at the same time limit the possibilities for conflict.

As a NATO member and permanent observer on the Arctic Council (due to its commitment to polar science), Poland can actively promote security-related cooperation in the Arctic. It should indicate that the Arctic Council would be the proper forum for discussions on security-related issues in the region. Poland could also advocate that the Arctic has the potential of becoming an area of practical cooperation between NATO and Russia, which could increase mutual trust and bring about greater transparency and confidence amongst the Arctic states.

Simultaneously, it should be a priority for Poland to ensure NATO does not display divisions in its policies on the Arctic. The consensus-building process could be initiated with a debate at the NATO Parliamentary Assembly forum on the Alliance's role in the Arctic.